

**ALASKA MUNICIPAL BOND BANK
AUTHORITY**

BOARD OF DIRECTOR'S MEETING

TO BE HELD AT:

**Department of Revenue
333 Willoughby Ave., 11th Floor
Juneau, AK 99801**

**With Telephonic Access: 1-907-202-7104
with Code 368 464 728#**

September 12, 2024

3:00 pm Alaska Time





333 Willoughby Avenue, 11th Floor
P.O. Box 110405
Juneau, Alaska 99811-0405

Phone: (907) 465-2893
dor.trs.ambba@alaska.gov

AGENDA FOR BOARD OF DIRECTOR'S MEETING

Meeting Place:

Telephonic Meeting

Department of Revenue,
333 Willoughby Ave., 11th Floor,
Juneau, AK 99801
With Access: (907) 202-7104
and passcode 368 464 728#

September 12, 2024, at 3:00 p.m. Alaska Time

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the February 27, 2024, Meeting of the Board of Directors
- VI. General Business
 - A. Bond Bank Election of Officers for Fiscal Year 2025
 - B. AMBBA Independent Audit – BDO Audit Planning Communication and Presentation – Fiscal Year 2024
 - C. Review of Preliminary Fiscal Year 2024 Actuals and Fiscal Year 2025 Operating Budget
 - D. Executive Director's Report
 - E. Executive Session to discuss with legal counsel the AMBBA Series 2015-2B Bonds in accordance with AS 44.62.310(c)(1),(3)
- VII. Public Comments
- VIII. Board Comments
- IX. Adjournment

STATUS: **Active**

NOTICE OF PUBLIC MEETING - AMBBA Board of Director's Meeting 9/12/2024

Meeting Place: Telephonic, Department of Revenue, 333 Willoughby Ave., Floor 11, Juneau, Alaska 99801; For telephonic access: (907) 202-7104, With pass code 368 464 728#; September 12, 2024, at 3:00 p.m. Alaska.

The public is invited to attend. Individuals who may need special modifications to participate should call (907) 465-2893 prior to the meeting.

AGENDA FOR BOARD OF DIRECTOR'S MEETING, AMBBA:

- I. Call to Order
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 - C. Review of Preliminary Fiscal Year 2024 Actuals, and Fiscal Year 2025 Operating Budget
 - D. Executive Director's Report
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- VII. Public Comments
- VIII. Board Comments
- IX. Adjournment

Attachments, History, Details

Attachments

[AMBBA Agenda 9-12-2024.pdf](#)

Revision History

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Details

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Events/Deadlines:



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MINUTES of the BOARD OF DIRECTORS MEETING

ALASKA MUNICIPAL BOND BANK AUTHORITY

February 27, 2024

I. CALL TO ORDER

Luke Welles called the meeting to order on February 27, 2024, at 10:00 a.m. Alaska Time. Members participated at the State of Alaska, Department of Revenue, Conference Room, 333 Willoughby Ave, Floor 11, Juneau, AK 99801, and telephonically at 1-907-202-7104, with passcode 158 436 213#.

II. ROLL CALL

Luke Welles
Bruce Tangeman
Fadil Limani
Micaela Fowler
Ken Koelsch

OTHERS IN ATTENDANCE:

- Ryan Williams, Executive Director, Alaska Municipal Bond Bank Authority
- Kris Erchinger, Finance Director, City of Whittier
- Cindy Cartledge, Local Bond Counsel to the City of Whittier
- Fred Eoff, PFM, Municipal Advisor to the Alaska Municipal Bond Bank Authority
- Matthew Schoenfeld, PFM, Municipal Advisor to the Alaska Municipal Bond Bank Authority
- Les Krusen, Bond Counsel to AMBBA, Orrick, Herrington & Sutcliffe LLP
- John Stanley, Bond Counsel to AMBBA, Orrick, Herrington & Sutcliffe LLP

- Doug Goe, Bond Counsel to AMBBA, Orrick, Herrington & Sutcliffe LLP
- William Milks, Chief AAG, Public Corps., Dept. of Law

III. PUBLIC MEETING NOTICE

Mr. Williams reviewed the public meeting notice. A copy of the Online Public Notice concerning the date, location, and purpose of the meeting was reviewed for the record. The public notice was officially published on February 16, 2024, on the Alaska Online Public Notice website, with revisions on February 22, 2024, for business items that will be under consideration by the Board. The public notice requirement was met for the February 27, 2024, meeting date.

APPROVAL OF AGENDA

The agenda was reviewed by the board. Mr. Welles asked if there were any comments. There were no comments and no objections to the agenda as written. The agenda was approved unanimously by board members.

IV. Minutes of the February 1, 2024, Meeting of the Board of Directors

The February 1, 2024, minutes of the AMBBA Board of Director's meeting were reviewed by the board. Mr. Koelsch moved approval of the February 1, 2024, Meeting Minutes and Mr. Limani seconded. Mr. Welles asked if there were any comments. There were no additional comments and no objections. Mr. Williams conducted a roll call vote, and there were five 'yes' votes, and the minutes were approved by the board.

V. GENERAL BUSINESS

Loan Application and Credit Review - City of Whittier Harbor Revenue Bonds

Mr. Schoenfeld, PFM, introduced the loan application to the Bond Bank from the City of Whittier and discussed a credit review profile. The City of Whittier applied to the Bond Bank for a \$4.5 million harbor revenue loan associated with small boat harbor improvements, which includes phase three of their harbor replacement project. The previous phase of the harbor project was completed in 2017, and that financing was conducted through the Bond Bank. The proposed loan term is 25 years, estimated annual debt service of approximately \$348,000, and approximately \$505,000 in total debt service when including all outstanding harbor debt through the Bond Bank. The City anticipates funding a local level

reserve with cash on hand. The pledge for the loan includes a net revenue pledge of the harbor enterprise fund and an additional supplement of commercial passenger vessel ("CPV") excise taxes. Mr. Schoenfeld noted that based on FY2023 unaudited figures, the own source net revenue coverage was 0.86x but factoring in CPV the coverage ratio improves to 5.12x. Mr. Schoenfeld also described that the City of Whittier is proposing implementation of a small boat harbor passenger fee separate than the revenues described previously and is directly collected by the City and included in their FY24 budget documents. The FY24 projected coverage ratio would be 1.4x including the proposed passenger vessel fee, and above the 1.25x coverage ratio in local bond resolution. Additionally, the total coverage of Bond Bank debt service from the City, in relation to state aid intercept, including the proposed loan, is estimated to be 1.86x.

Mr. Schoenfeld noted the no litigation letter has been received from the City, and based on the assessment, the security offered by Whittier, as set forth in the City's loan application and supplemental materials, and projected revenue generated by the Harbor upon project completion, provides sufficient security to justify approval of the application. Ms. Erchinger described the harbor and its essentiality in the community. Ms. Fowler asked for further detail on allowable use of the CPV funds for the harbor project. Ms. Erchinger noted that approximately half of the harbor project is anticipated to be funded through a municipal harbor matching grant, and CPV revenues, and bonding for match on the grant, are allowable uses under the law. Ms. Erchinger noted that the law has changed for the benefit of municipalities to be eligible to use CPV sources. Mr. Koelsch noted that in a previous capacity, he was involved with legal challenges associated with use of CPV money for local level improvements and asked for concerns surrounding this issue from the City of Whittier. Ms. Erchinger stated that conceptually the cruise industry understands that the City has a low population base and nearly all activity within the harbor is supported by visitor traffic. Harbor services allow for transportation and tourist related activities. Additionally, the City has conducted numerous public meetings, and invited public participation related to its pledges of revenue. Certain industry representatives have been involved in the public process and there have been no concerns brought to the attention of the City. The City's intent is to use own source revenue and has placed a structure in place in anticipation of paying the bonds without other shared CPV revenues and intends to use CPV revenues as a supplement, if needed.

Mr. Koelsch moved approval of the application from the City of Whittier of \$4.5 million for the harbor revenue project, and Mr. Limani seconded the motion. There was no additional discussion. Mr. Williams conducted a roll call vote, and there were five 'yes' votes. The City of Whittier harbor revenue loan was approved unanimously by board members.

AMBBA - 2023 Series Three - Post Sale Summary

Mr. Schoenfeld, PFM, discussed a summary of the pricing for the Bond Bank's 2023 Series Three Bonds. These bonds were sold by negotiated sale on November 30, 2023, to RBC Capital Markets as managing underwriter. Mr. Schoenfeld presented true interest cost percentages and related underwriter costs compared to prior sales of the Bond Bank and noted costs for this transaction were consistent with prior issues. The TIC for this issuance was approximately 4.78%, with average life of 19.19 years. Mr. Schoenfeld presented a chart showing the interest rate trend for the calendar year leading up to and beyond the pricing, utilizing the 10-year U.S. Treasury security and the 10-year AAA BVAL yield for trend analysis. In general, interest rates had increased through October 2023, and about a month prior to pricing rates levels had retreated slightly and reversed trend compared to previous movements. The 2023 Series Three was modestly received by investors overall with a notable lack of interest in the serial maturities. This has been a perennial weak area for prior AMT issues and AMT issues in general, which was compounded by the odd-lot size of maturities. Pricing was held constant on the 2033 term maturity and increased one basis point on the 2035 term maturity. Pricing of all other maturities remained unchanged except for the 2053 term bond, which was undersubscribed, where the Underwriter suggested a 3 bp increase. RBC placed unsold maturities given the structure changes. Overall, the issue was a success given the AMT challenges and priced well considering overall market conditions and issue structure. The 2023 Series Three consisted of the Municipality of Skagway, \$35.12 million (AMT) for their port improvements, and the bonds closed on December 14, 2023.

Executive Session to discuss with legal counsel the AMBBA Series 2015-2B Bonds in accordance with AS 44.62.310(c)(1), (3)

Mr. Welles stated: In accordance with the Open Meetings Act, I move that the Board of Directors of the Authority convene in executive session for the purpose of discussing the Series 2015-B Bonds and receiving legal advice from our counsel on the same issue. This motion is made pursuant to Alaska Statute

44.62.310(c)(1) and (3) as the matter to be discussed involves attorney-client privileged communications that are confidential by law and matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Authority. Mr. Koelsch seconded the motion described by Mr. Welles. Mr. Williams conducted a roll call vote, and there were five 'yes' votes, giving unanimous approval by board members to convene in executive session.

The Bond Bank convened in executive session.

Upon coming out of executive session, Mr. Welles stated that during the executive session, the Board of Directors of the Authority only discussed the items identified in the Motion to move into executive session. The Authority did not take any action while in executive session other than to provide direction to our legal counsel.

AMBBA Resolution 2024-01 – Agreement and US Treasury Payment Authorization to Executive Director

Mr. Welles noted that Resolution 2024-01 is currently before the Board and asked for a motion. Mr. Limani moved approval of Bond Bank Resolution 2024-01, and Ms. Fowler seconded the motion. Mr. Welles asked for any additional questions or comments. Mr. Williams specified a need for a summary of the Resolution 2024-01 contents and noted that the Resolution would authorize the Executive Director to enter into agreements covering tax matters pertaining to the Bond Bank 2015 Series Two B Bonds and make related payments to the United States Treasury, not to exceed \$200,000, from the operating fund for that purpose. There was no additional discussion. Mr. Williams conducted a roll call vote, and there were five 'yes' votes, giving unanimous approval by board members on Resolution 2024-01.

Executive Director's Report

Mr. Williams provided updates on items not covered in the February 27, 2024, Agenda:

The quarterly ethics report as of 12/31/23 was filed with the Department of Law without any findings.

The AMBBA fiscal year 2023 Reserve Certifications to the Governor and Legislature, as well as the complete Annual Report, were filed through EMMA / MSRB on January 26, 2024, meeting the related disclosure requirements.

Mr. Williams provided a portfolio analysis and performance as of January 31, 2024, for the Bond Bank's 2005 and 2016 Reserves, as well as the Custodian Account.

VI. PUBLIC COMMENTS

There were none.

VII. BOARD COMMENTS

There were none.

VIII. ADJOURNMENT

Mr. Welles adjourned the meeting without objection at 11:24 a.m. Alaska Time.

Luke Welles, Chairperson



REPORT TO BOARD OF DIRECTORS

ALASKA MUNICIPAL BOND BANK AUTHORITY

AUDIT PLANNING:
YEAR ENDING JUNE 30, 2024



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FULL REPORT

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Company, and is not intended and should not be used by anyone other than these specified parties.

Welcome

July 30, 2024

Board of Directors

Alaska Municipal Bond Bank Authority

Professional standards require us to communicate with you regarding matters related to the audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This document provides an overview of our plan for the audit of the financial statements of Alaska Municipal Bond Bank Authority (the Authority) as of and for the year ended June 30, 2024, including a summary of the nature, scope, and timing of the planned audit work.

We are pleased to be of service to the Authority and look forward to discussing our audit plan, as well as other matters that may be of interest to you.

Respectfully,

BDO USA

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Executive Summary



Responsibilities

BDO USA, P.C., as your auditor, is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. The engagement letter, a copy of which has been provided to you, includes specific details regarding the auditor's and management's responsibilities.

Audit Strategy

Overall, our audit strategy is to assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design further audit procedures responsive to assessed risks. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. In connection with our audit, we will obtain a sufficient understanding of the Authority's internal control to plan the audit of the financial statements. However, such understanding is required for the purposes of determining our audit procedures and not to provide any assurance concerning such internal control.

We focus on areas with higher risk of material misstatement (whether due to error or fraud). Our audit strategy includes consideration of:

- ▶ prior year audit results together with current year preliminary analytical review, including discussions with management and those charged with governance regarding the Authority's operations, business activities, and risks,
- ▶ inherent risk within the Authority,

- ▶ recent developments within the industry, regulatory environment and general economic conditions,
- ▶ recently issued and effective accounting and financial reporting guidance,
- ▶ The Authority's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions,
- ▶ the control environment, risk management, and monitoring processes, and the possibility that the control system and procedures may fail to prevent or detect a material error or fraud,
- ▶ information about systems and the computer environment in which the related systems operate, and
- ▶ a continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the Authority.

We will communicate to you any significant changes to the planned audit strategy, or to the significant risks initially identified, that may occur during the audit due to the results of audit procedures or in response to external factors, such as changes in the economic environment.

The BDOADVANTAGE

At BDO, we are continuously evaluating and improving our methodologies, technologies, and applications to evolve our approach to the audit process.

Our approach to audit technology enriches the experience for our clients, provides better risk assessment and deeper understanding of your business, and contributes to high-quality audits for capital markets.



AUDIT QUALITY



WORKING ON WHAT MATTERS

- ▶ Our automations enable our people to focus on more strategic work. The use of cutting-edge data analytics in our risk-based audit approach enables our auditors to target risks and testing to the critical areas of the audit.

FOCUSED INSIGHT



CLARITY AND COLLABORATION

- ▶ Our project management tools, and global portal, help prevent surprises and provide a snapshot of audit progress.
- ▶ Our teams have access to dedicated user enablement support to provide a smooth client experience.

SEAMLESS AUDIT



PEOPLE AND PROCESS OPTIMIZATION

- ▶ Our engagement level automations, continuous process evaluation, and ongoing improvements help us optimize the workflow and process of the audit. This drives consistency in the execution of the audit.

GREATER PRECISION

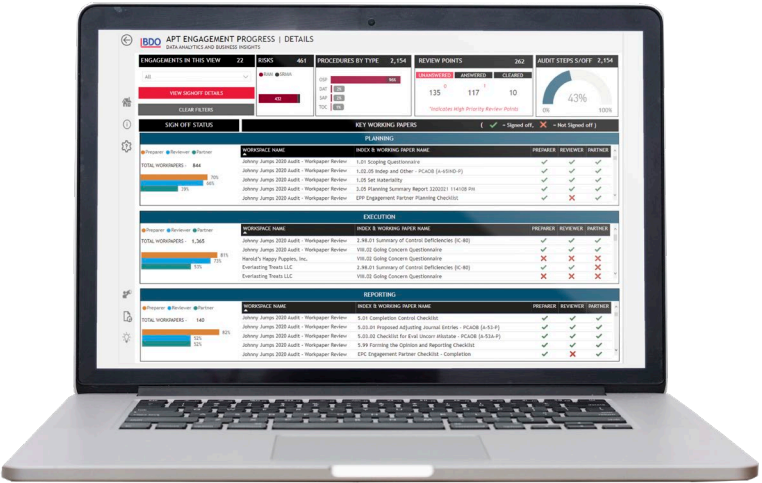
The BDOADVANTAGE

The **BDOADVANTAGE**, our digital suite of tools, equips our auditors to perform more effective and robust audits. These tools include communications and project management tools to ensure there are no surprises; automations to help our teams focus on risks; and data analytics that allow our auditors to dive deeper into their risk analysis through use of data visualization, correlation, and comparison. The **BDOADVANTAGE** empowers our audit teams to create more industry-focused client insights with greater precision.

Below are two examples of the **BDOADVANTAGE** technology suite

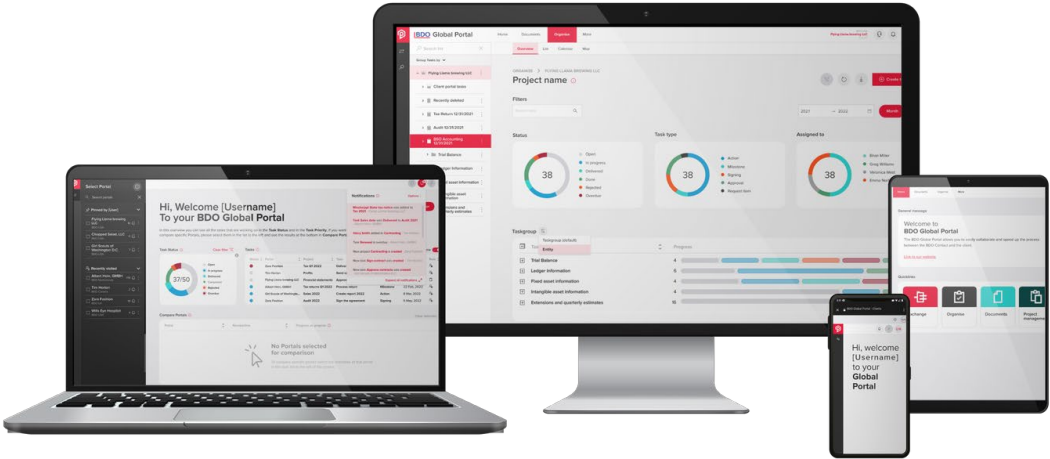
BDO DASHBOARDS

- ▶ Provides reporting at our fingertips allowing us to proactively identify, resolve, and escalate any potential issues quickly.
- ▶ Engagement partner and manager can view real-time the status of the engagement and course-correct as needed, eliminating surprises.



BDO GLOBAL PORTAL

- ▶ Provides you with access to all relevant requests and the data and documents.
- ▶ Houses contact details of your [global] BDO engagement team, timelines, schedules, and communication records.
- ▶ Visually depicts the status and progression of the audit in one screen.



The BDO**ADVANTAGE**

The **BDOADVANTAGE**, our digital suite of tools, equips our auditors to perform more effective and robust audits. These tools include communications and project management tools to ensure there are no surprises; automations to help our teams focus on risks; and data analytics that allow our auditors to dive deeper into their risk analysis through use of data visualization, correlation, and comparison. The **BDOADVANTAGE** empowers our audit teams to create more industry-focused client insights with greater precision.

Below are two examples of the **BDOADVANTAGE** technology suite:

DOCUMENT AUTOMATION

- ▶ Automation software that streamlines the production of base management representation letters, audit reports, and required communication templates.
- ▶ Reduces administrative burden so your engagement team spends less time formatting and more time developing tailored deliverables that accurately reflect and report on your audit with BDO.



DOCUSIGN

- ▶ An e-signature tool enables us to manage electronic agreements and integrations with audit reports.
- ▶ Allows for standardization of our contracting process and execution of our audit representation letters.
- ▶ Creates a consistent and reliable process by which necessary documentation is electronically executed, tracked, and stored and to create signing authority control.

The BDOADVANTAGE

The **BDOADVANTAGE**, our digital suite of tools, equips our auditors to perform more effective and robust audits. These tools include communications and project management tools to ensure there are no surprises; automations to help our teams focus on risks; and data analytics that allow our auditors to dive deeper into their risk analysis through use of data visualization, correlation, and comparison. The **BDOADVANTAGE** empowers our audit teams to create more industry-focused client insights with greater precision.

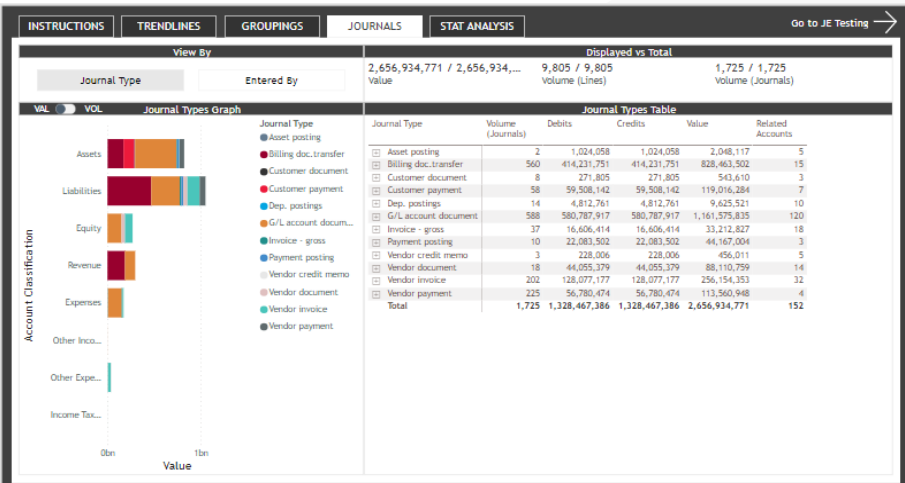
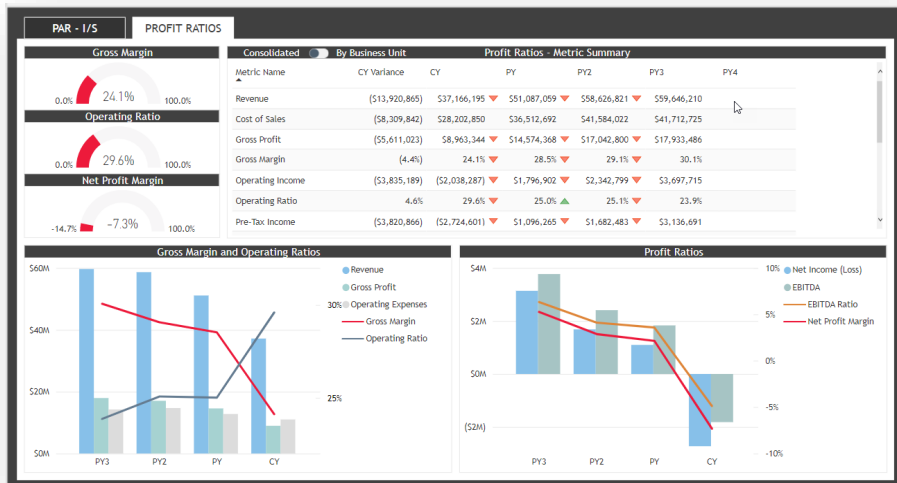
Below are two examples of the **BDOADVANTAGE** technology suite:

PRELIMINARY ANALYTICAL REVIEW & RISK ASSESSMENT

- ▶ Visualizes trends for key performance indicators and summarizes key changes in trial balance activity for a high-level overview of fluctuations.
- ▶ Enhances our overall knowledge of company performance and our understanding of the entity.

JOURNAL ANALYZER

- ▶ Assists with exploring large volumes of transactions within the entity's general ledger for purposes of discovering or analyzing patterns or trends, developing expectations, and identifying areas for further testing.
- ▶ Used to effectively and efficiently perform testing of the entity's journal entries.



Planned Scope

Based upon our initial assessment, our planned scope for the audit is described below:

- ▶ The areas indicated below relate to significant risks identified during our risk assessment procedures and include a brief description of how we propose to address them:
 - Fraud Risk
 - Substantive procedures will be performed addressing manual journal entries prepared by management, management's use of accounting estimates, and treatment of significant unusual transactions
 - Revenue Recognition
 - Substantive procedures will be performed to address existence of revenue recognized in the current fiscal year
 - A sample of interest revenue recognized in the current fiscal year will be confirmed directly with borrowers
- ▶ In addition to the identified significant risks noted above, our planned scope for the audit includes procedures specifically designed to address events related to the loan loss [provision](#)
 - Loan loss provision
 - An evaluation of management's assumptions used in determining whether an allowance for uncollectible loan is necessary will be performed.



Independence

Our engagement letter to you dated July 26, 2024 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.

Overall Audit Timeline

The following represents our anticipated schedule with regard to our audit of the financial statements of the Authority:

	Jul	Aug	Sep
Planning	✓	✓	
Year-End Fieldwork			✓
Release Reports on Financial Statements			✓

Audit Firm System of Quality Management

An audit firm’s system of quality control (aka system of quality management) is essential to how the firm conducts audits and is in place to protect investors, shareholders and other users of financial statements.

QUALITY MANAGEMENT STANDARDS

In June 2022, the AICPA Auditing Standards Board (ASB) issued the following interrelated standards on audit quality management (collectively, the QM standards), which are designed to improve a CPA firm’s risk assessment and audit quality. The effective date of the QM standards is December 15, 2025.

Statement on Quality Management Standards (SQMS) No. 1	Statement on Quality Management Standards (SQMS) No. 2	Statement on Auditing Standards (SAS) No. 146
<i>A Firm’s System of Quality Management</i>	<i>Engagement Quality Reviews</i>	<i>Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards</i>

BDO has assessed the requirements of the QM standards and has analyzed our firm’s current system of quality management to identify changes and improvements necessary for compliance. This includes the identification of quality objectives, quality risks and the assessment of those quality risks, and responses to address those risks. We are further working with BDO Global to appropriately integrate processes deployed at a global level into our firm’s system of quality management.



2020 BDO AUDIT QUALITY REPORT

CONTINUING
TO BUILD
TRUST

We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO’s system of quality control within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).

Client Service Team

As a matter of policy, we attempt to provide continuity of service to our clients to the greatest extent possible. Where engagement team rotation is necessary, we will discuss this matter with you and determine the appropriate individual to be assigned to the engagement based on particular experience, expertise, and engagement needs.

We are pleased to be of service to the Authority and look forward to answering questions you may have regarding our audit plan as well as other matters that may be of interest to you.

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Joy Merriner, Principal and Practice
Leader
Audit Engagement Lead



Sam Thompson, Director
Engagement Quality Reviewer

Marcus Brown, Assurance Manager
Engagement Manager



Appendix



Implementation of New GASB Standards

GASB Statement No. 99, Omnibus 2022

Effective Dates	Date per Pronouncement
	Effective as Noted Below

- ▶ This Statement address practice issues identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees.
- ▶ Effective Upon Statement Issuance - April 2022:
 - Extension of the period during which LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
 - Accounting of benefits distributed as part of the Supplemental Nutrition Assistance Program (SNAP)
 - Disclosures related to nonmonetary transactions
 - Pledges of future revenues when resources are not received by the pledging government
 - Clarification of provisions of Statement No. 34 related to the focus of the government-wide financial statements
 - Updates to terminology used in Statement No. 53 to refer to resource flow statements and to certain provisions in Statement No. 63
- ▶ Effective for Fiscal Years Beginning After June 15, 2022:
 - Determination of lease term and classification of leases as short-term in accordance with Statement No. 87
 - Clarification related to the determination of Public-Private Partnerships (PPP) term and recognition and measurement of installment payments and the transfer of PPP assets under Statement No. 94
 - Clarification of the provisions of Statement No. 96 related to Subscription Based Information Technology Arrangements (SBITA) term, classification of short-term SBITA, and recognition and measurement of a subscription liability
- ▶ Effective for Fiscal Years Beginning After June 15, 2023:
 - A government extending an exchange or exchange-like financial guarantee should recognize a liability and expense/expenditure related to the guarantee when qualitative factors and historical data indicate that it is more likely than not a government will be required to make a payment related to the guarantee. Statement No. 99 excludes guarantees related to special assessment debt, financial guarantee contracts within the scope of Statement No. 53, or guarantees related to conduit debt obligations.
 - Requirements related to the classification and reporting of derivative instruments within the scope of Statement No. 53 that do not meet the definition of an investment or hedging derivative instrument

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*

Effective Dates	Date per Pronouncement
	Fiscal Years Beginning After 6/15/2023

- ▶ This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.
- ▶ As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability.
- ▶ This Statement also addresses corrections of errors in previously issued financial statements.
- ▶ This Statement requires that:
 - changes in accounting principles and error corrections be reported retroactively by restating prior periods,
 - changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and
 - changes in accounting estimates be reported prospectively by recognizing the change in the current period.
- ▶ The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.
- ▶ Statement No. 100 requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.
- ▶ This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.
- ▶ Statement No. 100 also addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 101, *Compensated Absences*

Effective Dates	Date per Pronouncement
	Fiscal Years Beginning After 12/15/2023

- ▶ This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means.
- ▶ Requires recognition of a liability for leave that has not been used if:
 - the leave is attributable to services already rendered,
 - the leave accumulates, and
 - the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.
- ▶ Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.
- ▶ Statement No. 101 requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences.
- ▶ In addition, this Statement requires that for specific types of compensated absences, a liability not be recognized until the leave is used.
- ▶ This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.
- ▶ With respect to financial statements prepared using the current financial resources measurement focus, Statement No. 101 requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.
- ▶ Statement No. 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*

Effective Dates	Date per Pronouncement
	Fiscal Years Beginning After 6/15/2024

- ▶ The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.
- ▶ Statement No. 102 defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources.
- ▶ Statement No. 102 defines a *constraint* as a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority.
- ▶ Requires a government to assess:
 - whether a concentration or constraint is known to the government prior to the issuance of the financial statements,
 - whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and
 - whether event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.
- ▶ For items meeting the above criteria, required disclosures include descriptions of:
 - the concentration or constraint,
 - each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, and
 - Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.



Industry Resources

Cyber Risk

- ▶ Cybercrime is a serious risk regardless of your organization's industry or size.
- ▶ Error continues to be a dominant trend and is responsible for 14% of breaches.
 - People continue to play a very large role in incidents and breaches.
 - This year, 82% of breaches involved the human element, whether it is the use of stolen credentials, phishing, misuse or simply an error.
- ▶ Ransomware has continued its upward trend with an almost 13% increase (for a total of 25% of breaches) — a rise as big as the past five years combined.

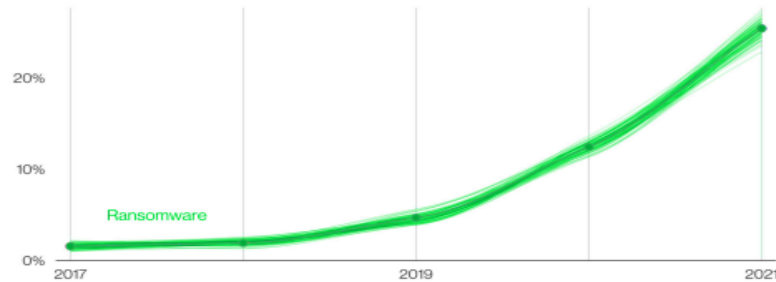


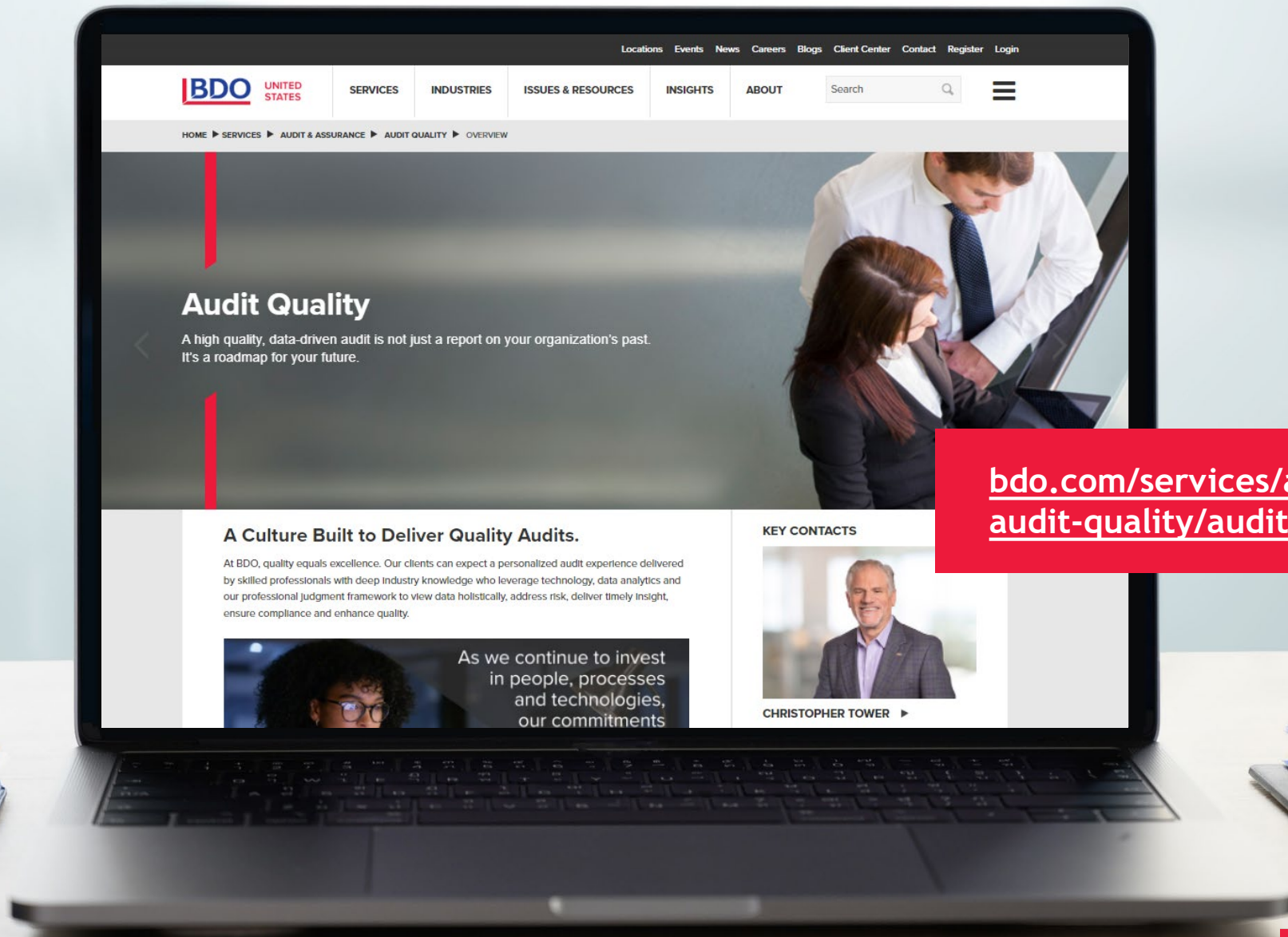
Figure 4. Ransomware over time in breaches

- ▶ Consider taking BDO's [Cyber Risk Assessment](#)




Click [here](#) to view the full publication

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E-mail: ambba@revenue.state.ak.us

TO: AMBBA Board Members

DATE: September 6, 2024

Luke Welles, Bruce Tangeman, Fadil Limani, Micaela Fowler, Ken Koelsch

FROM: Ryan Williams, Exec. Director

TELEPHONE: 907-465-2893

The fiscal year 2024 and 2025 Authority for AMBBA per object type (also referred to as line item) is summarized below. Authority can be moved around per object type; however, there is scrutiny in and out of travel and specific justification is required.

FY 2024 Budget – Management Plan Plus Passed Supplementals, Authority for AMBBA

\$1,281,200	AMBBA Receipts
\$105,000	Stat Designated Receipts (Proceeds of the bond issues restricted to a specific use)
<hr/>	
\$1,386,200	Total

Breakdown

\$209,900	Personal Services
\$15,400	Travel
\$1,157,100	Services
\$3,800	Commodities
<hr/>	
\$1,281,200	AMBBA Receipts
<hr/>	
\$105,000	Services
<hr/>	
\$105,000	Statutory Designated Receipts

FY 2024 PRELIMINARY Actuals for AMBBA (comparison to budget)

Breakdown

\$233,071	Personal Services (\$23,171)
\$18,189	Travel (\$2,789)
\$266,494	Services (\$890,606)
\$4,695	Commodities (\$895)
<hr/>	
\$522,449	AMBBA Receipts (\$758,751)
<hr/>	
\$0	Services / Statutory Designated Receipts (\$105,000)

FY 2025 Budget Authority for AMBBA

\$1,281,200	AMBBA Receipts
\$105,000	Stat Designated Receipts (Proceeds of the bond issues restricted to a specific use)
<hr/>	
\$1,386,200	Total

Breakdown

\$220,600	Personal Services
\$10,400	Travel
\$1,150,700	Services
\$3,800	Commodities
<hr/>	
\$1,280,500	AMBBA Receipts

\$105,000	Services
-----------	----------

\$105,000 Statutory Designated Receipts

The fiscal year 2025 operating budget included, and has since 2009, the language for both the “standing appropriation” to backfill the reserve fund in the instance of draw due to underlying borrower payment deficiencies as well as an appropriation of excess earnings back to the Bond Bank. The request will also be made for inclusion in the upcoming FY2026 budget proposal:

28 * **Sec. 49. FUND CAPITALIZATION.**

19 (f) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to
20 be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year
21 ending June 30, 2024, estimated to be \$0, is appropriated to the Alaska municipal bond bank
22 authority reserve fund (AS 44.85.270(a)).

23 (g) If the Alaska Municipal Bond Bank Authority must draw on the Alaska municipal
24 bond bank authority reserve fund (AS 44.85.270(a)) because of a default by a borrower, an
25 amount equal to the amount drawn from the reserve is appropriated from the general fund to
26 the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Please don't hesitate to reach out to discuss any items contained in this report.

Best Regards,
Ryan

Ryan Williams
Executive Director
Alaska Municipal Bond Bank Authority
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FROM: Ryan Williams, Exec. Director

TELEPHONE: 907-465-2893

The following are updates on items not covered in the September 12, 2024, Agenda:

The 3/31/2024 and 6/30/2024 quarterly ethics report were filed with the Department of Law without any findings.

On April 30, 2024, S&P Global Ratings upgraded their rating on State of Alaska General Obligation debt to "AA" from "AA-." At the same time, the rating on Bond Bank GO debt was upgraded to "AA-" from "A+." The outlook is stable. All underlying disclosures related to the rating change were completed within the required timeframe.

On April 30, 2024, Moody's Investors Service revised their outlook to positive from stable on State of Alaska General Obligation debt. At the same time, the outlook on Bond Bank GO debt was revised to positive from stable ("A1," positive outlook).

At the end of June 2024, Kenai Peninsula Borough applied to the Bond Bank, subject to local vote, for the benefit of the South Kenai Peninsula Hospital Service Area. The Ballot question will ask for authorization of the issuance of service area GO Bonds in the amount of \$38.5 million. The application has been provided to PFM and Orrick for a preliminary review but is still subject to a local vote in October 2024, and will track the local election results.

At the end of July 2024, the Ketchikan Gateway Borough submitted a revenue bond application for their airport terminal expansion project, in the amount of \$5 million. This application and credit review is still in-process and anticipate providing additional details and a credit analysis at a subsequent meeting this Fall.

The Bond Bank is undergoing preparation of the financial statements and accompanying note disclosures for fiscal year 2024. We are currently working with our accounting preparation firm, Elgee Rehfeld, CPAs, on the fiscal years' closeout. We are on schedule and anticipate completion of required documents for the audit for our September 30, 2024, statutory deadline.

The Accounting and Financial Statement Preparation contract (Elgee Rehfeld, CPAs) is reaching expiration after the completion of the FY2024 audit process (October 1, 2024). I would like to discuss the potential of a one-year extension to cover FY2025 and am working with procurement personnel on what may be required in this circumstance.

The contract with our Financial Advisor (PFM) was extended through 9/30/2024, which originally had an expiration date of 6/30/2024. With the current approved loan (Whittier) and additional applications (Ketchikan Gateway and Kenai Peninsula), they have given significant attention to current activity and are actively working on credit reviews and corresponding with certain folks in the underwriting pool to evaluate refunding opportunities.

On August 30, 2024, CBJ, in conjunction with AMBBA, provided funds to the associated Bond Bank debt service account to optionally redeem the final two maturities of the 2014 Series Three bonds, CBJ portion (October 1, 2032-2033 maturities, \$1,735,000 in total principal). BNY Mellon posted the required notices for the upcoming redemption date (10/1/2024).

At the February 27, 2024, meeting, the Bond Bank Board designated the Executive Director as an authorized representative to execute agreements covering tax matters specific to the Bond Bank 2015B Series Two Bonds and make payments associated with an agreement. After that meeting, the Bond Bank entered into an agreement and made payment to close tax matters associated with the above-mentioned Bonds. Total payment amount associated with the final agreement was in the amount of \$25,924.

Portfolio Market Values:

Below depicts the Bond Bank's market values and performance, as of June 30, 2024, for the 2005 and 2016 Reserves, as well as the Bond Bank's Custodian Account.

AMBBA GO 2005 SERIES RESERVE | JUNE 2024

Portfolio Overview

BEGINNING VALUE + ACCRUED	\$40,114,210
TRANSFERS IN/ OUT	-\$60,764
REALIZED GAINS	\$0
CHANGE IN MARKET VALUE	\$216,856
INTEREST INCOME	\$73,171
ENDING VALUE + ACCRUED	\$40,343,472

AMBBA GO 2016 RESERVE | JUNE 2024

Portfolio Overview

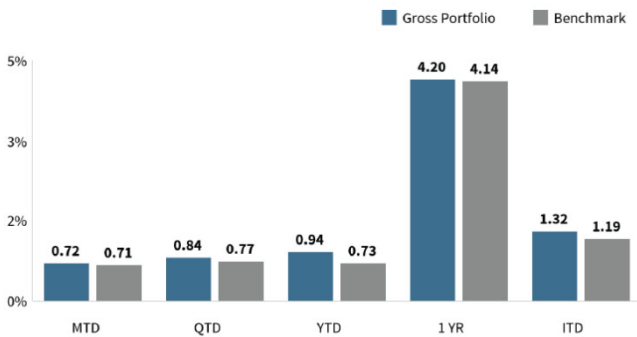
BEGINNING VALUE + ACCRUED	\$6,704,715
TRANSFERS IN/ OUT	-\$3,256
REALIZED GAINS	\$0
CHANGE IN MARKET VALUE	\$39,407
INTEREST INCOME	\$11,049
ENDING VALUE + ACCRUED	\$6,751,915

AMBBA CUSTODY | JUNE 2024

Portfolio Overview

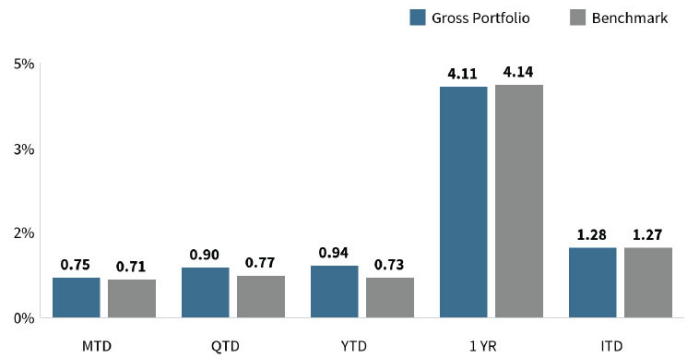
BEGINNING VALUE + ACCRUED	\$14,983,015
TRANSFERS IN/ OUT	\$19,202
REALIZED GAINS	\$0
CHANGE IN MARKET VALUE	\$71,693
INTEREST INCOME	\$38,170
ENDING VALUE + ACCRUED	\$15,112,080

2005:



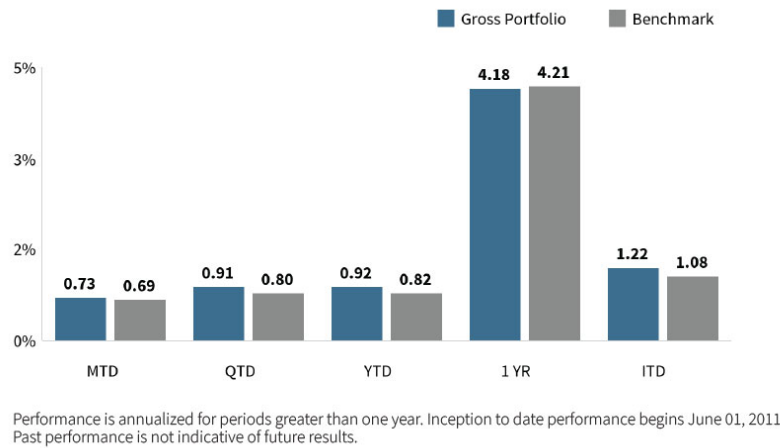
Performance is annualized for periods greater than one year. Inception to date performance begins June 01, 2011. Past performance is not indicative of future results.

2016:



Performance is annualized for periods greater than one year. Inception to date performance begins April 01, 2017. Past performance is not indicative of future results.

Custodian:



Surety Analysis:

Surety Policy Issues	Incremental Surety Coverage Provided at Issuance	Notes and Expiration
2016 Three & Four	7,500,000	2016 Three expires December 1, 2037; 2016 Four - December 1, 2035
2016 Two	3,383,328	Term Expires December 1, 2035
Stand Alone \$1.23mm	1,230,000	Term Expires March 1, 2046
2016 One	718,412	Term Expires August 1, 2040
2015 Three	5,198,466	Term Expires October 1, 2044

Coverage stated amount (2005 Resolution Reserve): ~\$18.0 million.

Most recent available Parity Reserve Fund Valuation on the 2005 Resolution Reserve (6/30/24): ~\$41.6 million and ~\$517K in the 2005 Resolution Reserve Obligation Interest Account.

Please don't hesitate to reach out to discuss any items contained in the report.

Best Regards,
Ryan

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